



CDBG Play it Safe Tip #1

Community Development Block Grant (CDBG) Program

Play it Safe Tip #1

GENERAL ADMINISTRATION vs. ACTIVITY COSTS

Question: My CDBG project has run over budget, all of the CDBG grant funds for the activity have been drawn and there are project costs that still need to be reimbursed. I still have General Administration (GA) Funds available in my Standard Agreement. Is it allowed to pay the Activity Costs with the GA funds?

Answer: Eligible CDBG General Administration costs (code 21A in your Standard Agreement) are those expenses related to operating the CDBG Program and are not subject to the requirement of meeting an eligible National Objective. These costs include general management, oversight and coordination of the CDBG program, including such things as personnel costs, fees charged to publish notices, Loan Portfolio management to a firm that has been properly procured, Fair Housing activities, etc. General Administration funds are not to be drawn for activity costs (activity costs reflected on a GA funds requests will not be approved for payment).

However, it may be possible to move funds from General Administration (21A) to an Activity within the Standard Agreement, with Department approval. Before the request is made, there are several things that must be considered. For instance, will the movement of the funds exceed the allowable Activity total listed in the NOFA the funds were granted? If so, the request cannot be approved. (Example: moving \$35,000 of GA to a \$1,500,000 Public Facilities project will not be approved since the Public Facilities Activity limit in the NOFA was \$1,500,000. Alternatively, if the total award for the Public Facilities project was \$1,450,000, the \$35,000 GA could be moved to cover the project over-runs.)

Requests for changes to Standard Agreement budget line items must be made in writing by the Authorized Official. In addition, the Department must review the revised budget and timeline to ensure project compliance as described in the Application and Standard Agreement. Standard Agreement budget revisions must be approved by the Department prior to reimbursement payments.

Please be sure to contact your Contract Management Representative if you have questions.